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Agenda item 51 (a)

Macroeconomic policy questions: international trade and development

Report of the Second Committee*

Rapporteur: Ms. Vanessa **Gomes** (Portugal)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 51 (see A/61/420, para. 2). Action on sub-item (a) was taken at the 24th and 32nd meetings, on 2 November and 1 December 2006. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/61/SR.24 and 32).

II. Consideration of draft resolution A/C.2/61/L.14

2. At the 24th meeting, on 2 November, the representative of South Africa, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/61/L.14).

3. At its 32nd meeting, on 1 December, the Committee was informed that the draft resolution had no programme budget implications.

4. At the same meeting, the Committee adopted draft resolution A/C.2/61/L.14 by a recorded vote of 107 to 1, with 52 abstentions (see para. 6). The voting was as follows:

In favour:

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chile, China,

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Colombia, Congo, Costa Rica, Côte d'Ivoire, Cuba, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Gambia, Ghana, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mongolia, Morocco, Mozambique, Namibia, Nepal, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Saudi Arabia, Senegal, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Suriname, Syrian Arab Republic, Tajikistan, Thailand, Timor-Leste, Togo, Trinidad and Tobago, Tunisia, United Arab Emirates, United Republic of Tanzania, Uruguay, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

United States of America.

Abstaining:

Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Moldova, Monaco, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, Russian Federation, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland.

5. Before the vote, statements were made by the representatives of South Africa (on behalf of the States Members of the United Nations that are members of the Group of 77 and China) and Brazil (on behalf of MERCOSUR). Also before the vote, statements in explanation of vote were made by the representatives of Finland (on behalf of the States Members of the United Nations that are members of the European Union and Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro, Romania, Serbia, the former Yugoslav Republic of Macedonia and Turkey, as well as Iceland, Moldova and Ukraine), the United States of America, the Russian Federation and the Republic of Korea; after the vote, a statement in explanation of vote was made by the representative of Japan (see A/C.2/61/SR.32).

III. Recommendation of the Second Committee

6. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International trade and development

The General Assembly,

Recalling its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002, 58/197 of 23 December 2003, 59/221 of 22 December 2004 and 60/184 of 22 December 2005 on international trade and development,

Recalling also the provisions of the United Nations Millennium Declaration[1] pertaining to trade and related development issues, as well as the outcomes of the International Conference on Financing for Development, the World Summit on Sustainable Development and the 2005 World Summit Outcome,

Recalling further its resolution 60/265 on follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and other internationally agreed development goals,

Reaffirming the value of multilateralism to the global trading system and the commitment to achieving a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment generation in all sectors, and emphasizing that bilateral and regional trading arrangements should contribute to the goals of the multilateral trading system,

Stressing the importance of open, transparent, inclusive, democratic and more orderly processes and procedures for the effective functioning of the multilateral trading system, including in the decision-making process, so as to enable developing countries to have their vital interests duly reflected in the outcome of trade negotiations,

Reiterating that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of developing and least developed countries at the heart of the Doha work programme,[2]

Noting that agriculture lags behind the manufacturing sector in the process of establishment of multilateral disciplines and in the reduction of tariff and non-tariff barriers, and that, since most of the world's poor make their living from agriculture, the livelihood and standards of living of many of them are seriously jeopardized by the serious distortions in production and trade in agricultural products caused by the high levels of export subsidies, trade-distorting domestic support and protectionism by many developed countries,

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[1] See resolution 55/2.

[2] A/C.2/56/7, annex.

Taking note of the reports of the Trade and Development Board[3] as well as the report of the Secretary-General,[4]

1. *Expresses serious concern* at the indefinite suspension of the trade negotiations of the World Trade Organization and considers it a serious setback for the Doha Round, which places development at the heart of the multilateral trading system, and calls upon the developed countries to demonstrate the flexibility and political will necessary to break the current impasse in the negotiations, and also calls for an early resumption of negotiations adhering to the development imperatives and commitments of the Doha Ministerial Declaration,[5] the decision of 1 August 2004 of the General Council of the World Trade Organization[5] and the Hong Kong Ministerial Declaration;

2. *Stresses* that in order for the Doha Round to be concluded satisfactorily, the negotiations should result in the establishment of rules and disciplines in the area of agriculture, adhering to the development imperatives and commitments of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

3. *Also stresses* the need for negotiations of the World Trade Organization in non-agricultural market access to live up to the development imperatives and commitments of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

4. *Underlines* the fact that the increasing interdependence of national economies in a globalizing world and the emergence of rule-based regimes for international economic relations have meant that the space for national economic policy, that is, the scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global market considerations, that it is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space, and that it is particularly important for developing countries that all countries take into account the need for appropriate balance between national policy space and international disciplines and commitments;

5. *Expresses its deep concern* at the imposition of laws and other forms of coercive economic measures, including unilateral sanctions against developing countries, which undermine international law and the rules of the World Trade Organization and also severely threaten the freedom of trade and investment;

6. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization[2] and at the Third United Nations Conference on the Least Developed Countries,[6] in this regard calls upon developed countries that have not already done so to provide immediate, predictable, duty-free and quota-free

[3] Report of the Trade and Development Board on its thirty-eighth and thirty-ninth executive sessions, the third part of its twenty-third special session and its fifty-third session (Supplement No. 15) (A/61/15 (Parts I to IV)).

[4] A/61/272.

[5] World Trade Organization, document WT/L/579. Available from http://docsonline.wto.org.

[6] See A/CONF.191/13.

market access on a lasting basis to all products originating from all least developed countries, also calls upon developing countries that are in a position to do so to extend duty-free and quota-free market access to exports of these countries, and in this context reaffirms the need to consider additional measures for progressive improvement in market access for least developed countries;

7. *Also reaffirms* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of countries with small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration;

8. *Recognizes* the special problems and needs of the landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, calls in this regard for the full and effective implementation of the Almaty Programme of Action,[7] and stresses the need for the implementation of the São Paulo Consensus,[8] in particular paragraphs 66 and 84 thereof, by the relevant international organizations and donors in a multi-stakeholder approach;

9. *Also recognizes* the need to ensure that the comparative advantage of developing countries is not undermined by any form of protectionism, including the arbitrary and abusive use of non-tariff measures, non-trade barriers and other standards to unfairly restrict the access of developing countries' products to developed countries' markets, reaffirms in this regard that developing countries should play an increasing role in the formulation of, inter alia, safety, environment and health standards, and recognizes the need to facilitate the increased and meaningful participation of the developing countries in the work of relevant international standard-setting organizations;

10. *Further recognizes* that South-South trade should be enhanced and further market access should continue to stimulate South-South trade;

11. *Recognizes* the role that a successful conclusion of the ongoing third round of negotiations on the Global System of Trade Preferences among Developing Countries can play in South-South trade;

12. *Calls for* accelerating the work on the development-related mandate concerning the Agreement on Trade-related Aspects of Intellectual Property Rights[9] in the Doha Ministerial Declaration, especially on issues of making intellectual property rules fully support the objectives of the Convention on Biological Diversity;[10]

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[7] *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/3), annex I.

[8] TD/412, part II.

[9] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

[10] United Nations, *Treaty Series*, vol. 1760, No. 30619.

13. *Also calls for* facilitating the accession of all developing countries, in particular the least developed countries, and countries emerging from conflict that apply for membership in the World Trade Organization, bearing in mind paragraph 21 of resolution 55/182 of 20 December 2002 and subsequent developments, and calls for the effective and faithful application of the World Trade Organization guidelines on accession by the least developed countries;

14. *Emphasizes* the need for further work to foster greater coherence between the multilateral trading system and the international financial system, and invites the United Nations Conference on Trade and Development, in fulfilment of its mandate, to undertake the relevant policy analysis in those areas and to operationalize such work, including through its technical assistance activities;

15. *Invites* donors and beneficiary countries to implement the recommendations of the Task Force on Aid for Trade established by the Director General of the World Trade Organization, which aims to support developing and least developed countries to build their supply and export capacities, including infrastructure and institutions development, and the need to increase their exports, and stresses in this regard the urgent need for its effective operationalization with sufficient additional, non-conditional and predictable funding;

16. *Welcomes* the effort being made for operationalization of the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries with increased additional, non-conditional and predictable financial resources to enhance the export and supply capacities of the least developed countries, and urges the development partners to increase their contributions to the Integrated Framework Trust Fund on a multi-year basis;

17. *Reiterates* the important role of the United Nations Conference on Trade and Development as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and calls upon the international community to work towards the strengthening of the Conference, to enable it to enhance its contribution in its three major pillars, namely, consensus-building, research and policy analysis, and technical assistance, especially through increased core resources of the Conference;

18. *Invites* the United Nations Conference on Trade and Development, in accordance with its mandate, to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and, in particular, to analyse issues of concern to developing countries, supporting them in building capacities to establish their own negotiating priorities and negotiate trade agreements, including under the Doha work programme;

19. *Reaffirms* the fundamental role that competition law and policy can play for sound economic development and the validity of the United Nations Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, as well as the important and useful role that the United Nations Conference on Trade and Development plays in this field, and decides to convene in 2010, under the auspices of the United Nations Conference on Trade and Development, a sixth United Nations conference to review all aspects of the Set;

20. *Urges* donors to provide the United Nations Conference on Trade and Development with the increased resources necessary to deliver effective and

demand-driven assistance to developing countries, as well as to enhance their contributions to the trust funds of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

21. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-second session a report on the implementation of the present resolution and on developments in the multilateral trading system, under the sub-item entitled "International trade and development" of the item entitled "Macroeconomic policy questions".